

## BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION	)	
OF UNITED WATER IDAHO INC. FOR	)	CASE NO. UWI-W-04-04
AUTHORITY TO INCREASE ITS RATES	)	
AND CHARGES FOR WATER SERVICE IN	)	
THE STATE OF IDAHO	)	ORDER NO. 29810
	)	

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On November 30, 2004, United Water filed an Application with the Commission for authority to increase its rates and charges for water service. On December 2, 2004, the Commission suspended the Company's proposed schedule of rates and charges for an initial period of thirty days plus five months from the proposed effective date of December 30, 2004. Order No. 29654, *Idaho Code* § 61-622. On January 31, 2005 the Commission issued a Notice of Scheduling, setting the time and place for a Public Workshop, the Evidentiary Hearing, and deadlines for the parties to complete discovery and file direct and rebuttal testimony. The Evidentiary Hearing in this case was held on May 24-26, 2005. At the close of the hearing the Company requested time for the parties to submit Post-Hearing Briefs, which the Commission granted. Post-Hearing Briefs were filed on June 9, 2005. With this Order the Commission suspends the Company's proposed schedule of rates and charges for an additional period of sixty days, to August 29, 2005.

### LEGAL STANDARDS

The authority of the Commission to suspend the effective date of an increase in any rate proposed by a regulated utility is found in *Idaho Code* § 61-622, which states in pertinent part:

No public utility shall raise any rate ... under any circumstances whatsoever, except upon a showing before the commission and a finding by the commission that such increase is justified. The commission shall have power, and is hereby given authority ... to enter upon a hearing concerning the propriety of such rate ... and pending the hearing and decision thereon, such rate ... shall not go into effect; provided, that the period of suspension of such rate ... shall not extend beyond thirty (30) days when such rate ... would otherwise go into effect, pursuant to section 61-307, *Idaho Code*, unless the commission in its discretion extends the period of suspension for an initial period not exceeding five (5) months, nor unless the commission after a showing of good cause on the record grants an additional sixty (60) days ...

(emphasis added).

The authority of the Commission pursuant to this section has been addressed by the Idaho Supreme Court in *Washington Water Power Co., v. Idaho Pub. Util. Comm'n*, 101 Idaho 567, 617 P.2d 1242 (1980). The Court held that "a showing of good cause on the record" means the record in the case must disclose that the additional days are necessary, as opposed to allowing the Commission to act with absolute discretion. *Id.*, 101 Idaho at 571, 617 P.2d at 1246. The Court rejected the utility's contention that the statute required proper notice, opportunity to be heard, and a showing of good cause before the additional sixty-day suspension could be granted, stating that this requirement "could likely result in many of the additional sixty days being utilized solely in determining whether to grant the additional days." *Id.* Finally, the Court held that the Commission acted properly in determining from the record that good cause existed to suspend the rates for the additional sixty days because of the size of the increase requested, the complexity of the cases presented by the Company, and the current workload of the Commission. *Id.*, 101 Idaho at 572, 617 P.2d at 1247.

### FINDINGS

Based upon our review of the record in this case including the transcript of proceedings, exhibits, pleadings, the parties' post-hearing briefs, as well the Commission's current workload, the applicable laws of this state, and the rules of this Commission, we find that good cause exists to order an additional period of suspension during which the Commission may issue its final Order in this matter.

The initial period of suspension in this case, thirty days plus five months from December 30, 2004, ends on June 29, 2005. The Evidentiary Hearing was completed on May 26, 2005. Thereafter, the Company's request to prepare and submit Post-Hearing Briefs being granted, deliberations were delayed for two weeks until after the briefs of all parties were submitted on June 9, 2005. After reviewing the parties' Post-Hearing Briefs, the Commission initiated deliberations during the week of June 13, 2005. However, this case involves a large public utility requesting a general rate increase, which necessarily involves numerous complex and technical issues in reaching a final decision and Order.

In addition to the size of the requested increase in rates, the complexity of this particular case is compounded by the fact that there is a large disparity, both in numbers and in methodology, between the Company's case and the recommendations of Commission Staff. The Company initially requested an overall increase in revenue of \$6,767,870, which amounts to a

21.46% overall increase in rates. Staff's initial recommendation was for an increase of \$570,837, which results in a 1.8% increase in rates. The test year methodology used to calculate the Company's rate base and revenue requirement, which often is uncontested, has been put directly at issue in this matter. The Company's calculations are based upon a year-end or end-of-period test year methodology, while Staff's calculations are based upon an average monthly test year methodology. Additionally, the single largest driver in the Company's request for a rate increase is a large amount of capital investment into the construction of the Company's second large water treatment facility, the Columbia Water Treatment Plant. There are also complex issues regarding the Company's portfolio of water rights and numerous issues related to operating expense adjustments. There are also several issues raised, that must be considered, by the intervenors who participated in this case.

After initial sessions of deliberations the Commission has determined, based upon the size of the requested increase, the disparity among the recommendations of the Staff and the Company's Application, the complexity and importance of the issues to be decided, as well as the other Commission-related demands on its time, that it is not possible to give this matter complete consideration within the time frame previously established. We find good cause exists on this record to extend the period of suspension for an additional sixty days to August 29, 2005. Although sensitive to the Company's desire to process this case within the time frame of the original suspension period, the additional time will enable the Commission to give the issues raised in this case the consideration and informed reflection they deserve.

#### **CONCLUSIONS OF LAW**

The Idaho Public Utilities Commission has jurisdiction over United Water Idaho Inc., a water utility, and its Application in Case No. UWI-W-04-04, pursuant to Title 61 of the Idaho Code, and more particularly *Idaho Code* §§ 61-501, 61-502, 61-503, 61-520, 61-523, as well as the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

The Commission has authority under *Idaho Code* § 61-622 to suspend the rates that are the subject of the Company's Application, upon a finding of good cause on the record, for an additional period of 60 days from the initial suspension date of June 29, 2005.

It is necessary to suspend the rates in this Application for an additional period of sixty days, until August 29, 2005, to allow the Commission sufficient time to consider and determine the issues presented in this case.

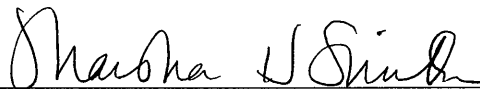
## ORDER

IT IS HEREBY ORDERED that the proposed schedule of rates and charges for water service in Case No. UWI-W-04-04 shall be suspended for an additional period of sixty days, until August 29, 2005, or until such earlier time as the Commission may issue an Order accepting, rejecting, or modifying the Application in this matter.

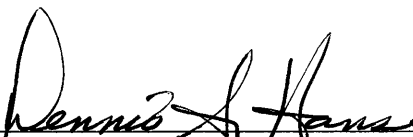
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 24<sup>th</sup> day of June 2005.



PAUL KJELLANDER, PRESIDENT

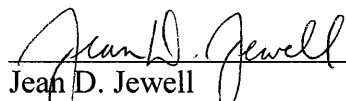


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell  
Commission Secretary